

CONFIDENTIAL



Appendix B: Affordable Housing Analysis

**Southeast Courtice Secondary Plan
and Environmental Assessment**

Municipality of Clarington, Ontario

May 1, 2020

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B. Affordable Housing

B.1 Key Take-Aways

- ✦ Southeast Courtice is expected to accommodate a large share of the projected housing demand for Clarington.
- ✦ Within this number a higher share of denser housing forms than previously forecast is anticipated.
- ✦ The SE Courtice Plan should target a minimum of 72% ground-oriented (single-family, townhomes and duplexes), and 28% apartment style units to expected future demand. This is a denser housing mix than previously forecast, but is less than dense then indicated in the current Official Plan targets.
- ✦ Approximately 13% of units within the SE Courtice Plan will need to be non-market units affordable to households making less than \$40,000 per year. This is to support housing of the share of households below this threshold expected in the Clarington by 2031.
- ✦ An additional 13% of total units will need to be encouraged as market rental to provide housing options for those households with incomes between \$40,000 and \$60,000 per year.

B.2 Policy Direction

Existing legislation, plans and policies guiding land use planning in the Municipality of Clarington (Clarington) include the Planning Act, the Provincial Policy Statement (2020), A Place to Grow: Growth Plan for the Greater Golden Horseshoe (2019), the Regional Municipality of Durham's Official Plan and the Clarington Official Plan (2018).

The current policy and regulatory context as it relates to affordable housing within the Southeast Courtice Secondary Plan area is presented in the sections below.

B.2.1 Provincial Policy Statement (2020)

The PPS 2020 providing high level policy direction on matters of provincial interest related to land use planning include a strong focus on developing healthy, liveable and safe communities, sustained by accommodating an appropriate range and mix of housing types (including second units, affordable housing and housing for older persons) and densities required to meet projected long term needs of current and future residents of the *regional market area* (1.4.1). Strategic policies to achieve this goal include;

- Efficient development patterns to optimize the use of land by promoting a mix of housing, including affordable housing as well as the use of resources and public investment in infrastructure and public service facilities (Part IV).

- Maintain at all times the ability to accommodate residential growth for a minimum of 10 years, establishing and implementing minimum targets for the provision of housing which is *affordable* to *low and moderate income households* through permitting and facilitating all forms of housing, establishing development standards for *residential intensification, redevelopment* and new residential development which minimize the cost of housing and facilitate compact form, while maintaining appropriate levels of public health and safety (1.4.1,1.4.3).

B.2.2 A Place to Grow: Growth Plan for the Greater Golden Horseshoe (2019)

The policies of the Growth Plan provide clear direction to increase housing and transportation choices that align with applicable housing and homelessness plans required under the Housing Services Act, 2011 to curb urban sprawl and create complete communities by planning to diversify their overall housing stock across the municipality (2.2.6.1). Key policies supporting this objective include:

- Support a range and mix of housing options, including second units and affordable housing, to serve all sizes, incomes, and ages of households. (1.2.1)
- Establishing targets for affordable ownership housing and rental housing & identify mechanisms including the use of land use planning and financial tools to support implementation
- Consider the use of available tools to require that multi-unit residential developments incorporate a mix of unit sizes including second units and affordable housing, to accommodate people at all stages of life, a diverse range of household sizes and incomes.
- Within all major transit station areas, development will be supported, where appropriate, by planning for a diverse mix of uses, including second units and affordable housing, to support existing and planned transit service levels; (2.2.4)

B.2.3 Durham Regional Official Plan (2017)

Note: Durham Region is current undertaking a Municipal Comprehensive Review and any directions provided by the Region through their process will be integrated with respect to projections, targets, etc.

The Regional Official Plan (ROP) defines the intent and establishes growth management policies for the region of Durham. Supporting provincial directives, it establishes considerations for the preparation of secondary plans and includes the provision of a range and mix of housing, taking into account *affordable* housing needs. (7.3.14) Key policy direction as it relates to the development of a diverse and affordable housing mix includes:

- Centres shall be developed with a balance of employment and residential growth and a variety of compact, higher density housing types to service all housing needs, including *affordable* housing and assisted housing. (8A.1.2)
- Regional *Community Improvement Plans* to address *affordable* housing (14.4)

- Discourage the conversion of rental housing units to condominium tenure. (4.2.3)
- Regional Council shall require at least 25% of all new residential units produced within each area municipality, to be *affordable to low and moderate income households*. (4.2.4)
- Regional Council shall support the renovation of existing housing to provide higher quality housing, but not at the expense of existing *affordable* housing. (4.3.3)
- Regional Council shall promote the utilization of Federal and/or Provincial programs for the provision of assisted housing for families, seniors and special needs groups. (4.3.6)
- Regional Council shall regularly monitor the housing market, including new and innovative types of *affordable* housing, and the means by which *affordable* housing may be supplied (4.3.7).

B.2.4 Clarington Official Plan (2018)

B.2.4.1 Summary

The OP, prepared in accordance with the Planning Act, guides and manages development in Clarington to the year 2031, outlines specific goals, objectives and policies for designated land use areas. To achieve the goal of a Healthy and Vibrant Community it includes a specific emphasis on 'Housing Diversity' to improve the range of housing opportunities and offer a diversity of dwelling types, densities, tenure and cost to meet the needs of existing and future residents throughout all stages of their lives, (2.2.2.).

A housing needs analysis (including affordable housing) is generally required in support of new Secondary Plans (23.3.10). Housing unit targets attributed to each neighbourhood as indicated in Appendix B of the COP may be altered without an OP amendment and the total number refined through a detailed analysis of the Secondary Plan process (9.4.1). Estimated Unit Targets for Southeast Courtice Secondary Plan include a total of 2,177 units, 573 – Low, 594 - Medium and 1,010 – High.

Strategic policies to realise housing affordability as defined in the COP in the case of ownership housing as the least expensive housing for which the purchase price results in annual accommodation costs which do not exceed 30 percent of gross annual household income for *low and moderate income households*; or which the purchase price is at least 10 percent below the average purchase price of a resale unit in the regional market area and in the case of rental housing, a unit for which the rent does not exceed 30 percent of gross annual household income for *low and moderate income households* or for which the rent is at or below the average market rent of a unit in the regional market area, are outlined below;

- Encourage a minimum of 30% of all new housing to be *affordable* in Urban Areas. (6.2.2)
- Promote high quality *affordable* housing through the maintenance, improvement, and adaptation of existing housing. (6.2.3)
- Support the preservation of the existing rental housing stock and assist in the *development* of new rental units. (6.2.5)

- Encourage the provision of a diverse housing stock in terms of type, size, tenure, and cost to provide living accommodations that address various socio-economic factors and different lifestyle choices. (6.3.10)
- *Encourage affordable* housing within Centres and *Corridors* to reduce travel needs and facilitate alternative modes of transportation such as public transit, cycling & walking. (6.3.2)
- Discourage the conversion of existing residential rental housing to condominium tenure, which may only be permitted in accordance with the provisions of the Durham Regional Official Plan. (6.3.3)
- Not permit new mobile homes for permanent habitation in the Municipality unless otherwise specified in the COP. (6.3.4)
- Permit an *accessory apartment* in Urban Areas within a detached or semi-detached dwelling subject to the criteria outlined in (6.3.5)
- Permit one *garden suite* in association with any *single detached dwelling*, through a temporary use by-law, for a period of no more than 20 years. (6.3.7)
- Support the integration of assisted housing in residential areas by cooperative and non-profit housing organizations, encouraged to locate within Centres and Corridors where they can benefit from being in close proximity to community facilities and every day needs. (6.3.9)
- Permit for Special needs housing within all designations where residential uses are permitted provided adherence to the provisions of 6.3.11.
- Encourage a range of parcel sizes, in particular large parcels, to provide opportunities for market choice. (7.3.2)
- Develop multi-unit residential development on the basis of locational criteria, Urban Design principles and the site development criteria ensuring direct street frontage, no replication of built form; townhouses sited on blocks not exceeding 50 units and apartment blocks not exceeding 2 buildings; street townhouses not comprising more than 6 attached units; and a phasing plan to identify common amenity areas and shared pedestrian and/or vehicle access if multiple mid-rise and high-rise residential developments are planned for a given area, (9.4.5)

B.2.5 Green Development Framework & Implementation Plan

Base on several studies Priority Green – Green development Framework and implementation plan, in effect since 2015, provides an additional set of tools to guide the diversification of housing to meet the housing demand of the forecasted population projections. Strategic guidelines to achieve this housing diversity and move towards a more sustainable urban form include encouraging housing diversity (mix of ownership, housing and accommodation types) to support affordability aging in place and to achieve target densities that accommodate a range of accommodation types (e.g., live-work, apartment-in-house/second dwelling unit, mixed use) tenures and affordability.

B.3 Existing Conditions and Future Housing Demand

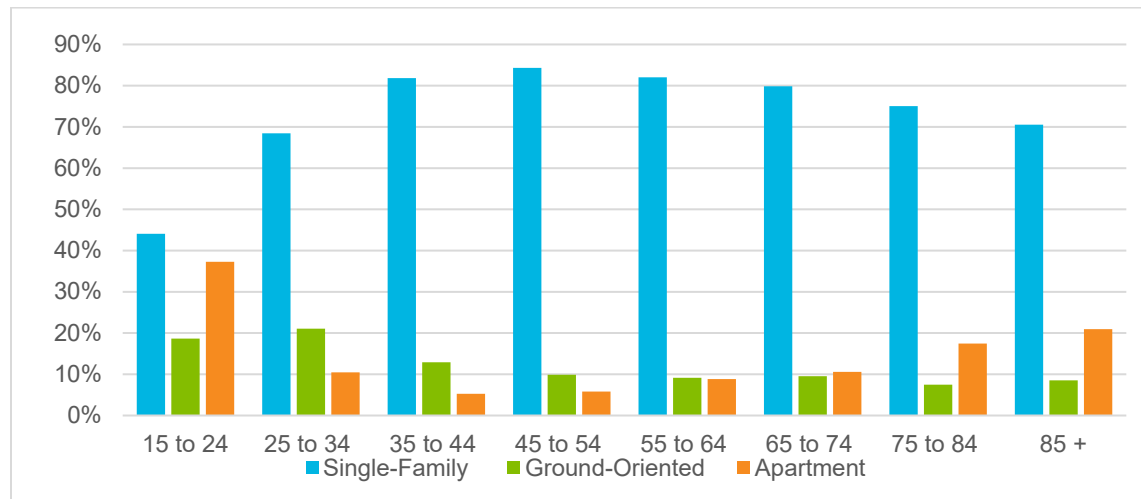
Clarington has been experiencing strong population growth and associated housing demand over the past several years. Between 2011 and 2016, the population of the municipality grew from 84,548 to 92,013 an average annual growth rate of 1.7%. This growth rate is expected to continue driving strong future demand for housing as the community grows to 140,000 residents by 2031.

While population projections undertaken for the municipality in 2009 as part of the Region of Durham Growth Plan, as well as in 2010 and 2012 as part of the Official Plan review process have tracked relatively consistently with census population over the intervening years, its important to understand not only the total number of units to meet future demand, but also share of those units in different housing types to meet the range of household sizes expected as local demographics change over time.

This more detailed assessment of future housing demand by unit type can be created by looking at the expected age profile of current and future residents and comparing this profile to that age group’s household maintainer rate.

Household maintainer rates refer to the proportion of the population within each age group that financially supports a given economic family or household. Applied to future population growth, maintainer rates help to estimate future household formation. As household maintainer data is broken down by general housing type ground-oriented (single-family, townhomes and duplexes) or apartments and can also be used to project future housing demand within these major housing types.

Figure B-1: Household Maintainer Rates – Clarington 2016



Source: Census of Canada 2016

The use of household maintainer rates allows for an assessment of demand by unit type based on the age profile of the future population and each age group’s likelihood to choose a specific housing type.

Based on these projections, it is estimated that a significant share of the future housing demand will continue to be drawn to ground-oriented forms. Based on recent data and pushed by rising prices, it is likely that more of this demand will accrue to townhouse and duplex forms that has been the case in past, but overall more than three quarters of future demand will be in this form of housing. That said, a strong and growing share of housing is expected to shift toward apartment housing forms, again likely due to decreasing household sizes and increasing price pressures.

Looking at this projection it is important to compare to past projections. In this case, a previous estimate undertaken as part of a 2012 Growth Management Discussion Paper estimated 84% of future demand in ground-oriented forms and 15% in apartment units. The projection undertaken above is not far off from the 2012 numbers, however it does show an increasing share of apartment units likely driven by the considerations referenced above.

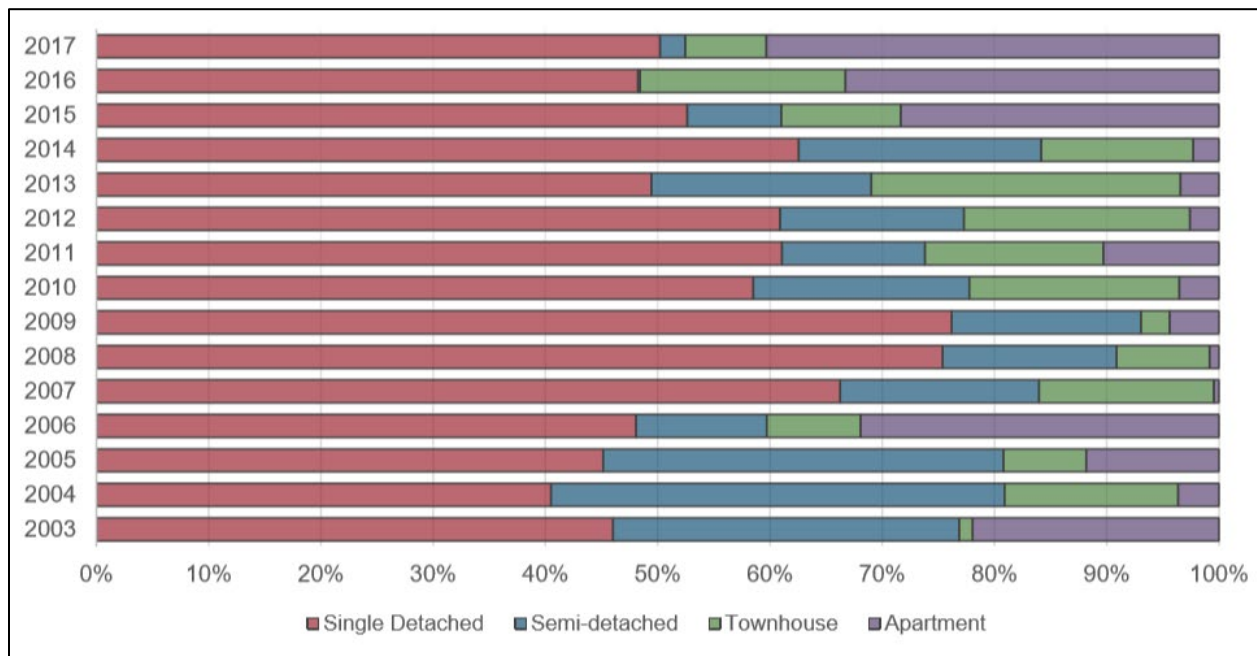
Table B-1: Summary of Housing Demand – Clarington 2016-2031

	2012 Growth Management Discussion Paper	Courtice Official Plan Designations	2019 AECOM Projection
Ground-Oriented	84%	53%	72%
Apartment	15%	46%	28%

It should be noted that both the 2012 and the projection undertaken for this report indicate a different unit split overall than that indicated for SE Courtice in the Official Plan.

Both the updated projection for unit type and the 2012 projections, however align quite closely to recent housing start data for the City which shows between 24% and 40% of new units coming in denser apartment forms with an overall 5-year average of about 23%.

Figure B-2: Housing Starts – Clarington 2003-2017



Source: Municipality of Clarington

Overall, Clarington is seeing an increase in the proportion of multi-unit development city-wide. It is expected that demographic drivers will support a greater share of denser housing forms that previously has been projected. This shift toward a higher proportion of denser housing forms also aligns with the current land use policy in Courtice which indicates a significant share of multi-family housing forms with 46% of total units coming in the form of apartments based on projections provided in the OP.

Further, rising incomes, population growth and along with general real estate market trends have, over the past several years, driven strong price appreciation within the local market. Median prices for single-family detached homes topped \$598,000 in early 2019. This appreciation in housing prices can be expected to drive some migration of demand to more compact and less expensive housing forms and is likely on the factors driving the increase in smaller housing types observed since 2015. Going forward demographic shifts and a growing price differential between single-family and multi-family units is likely to support the maintenance of the currently observed shift toward a greater share of multiple unit absorption in the future.

B.4 Housing Affordability Considerations

Given increasing costs for housing in Clarington as well as elsewhere issues of housing affordability increasingly need to be taken into consideration in policy discussions. The previous section touched on the impact that housing diversity has on the attainability of housing and the Official Plan includes policies to encourage a mix of housing types and tenures to support a

diversity of residents and also to support the attainment and affordable maintenance of housing for current and future residents (6.3.10).

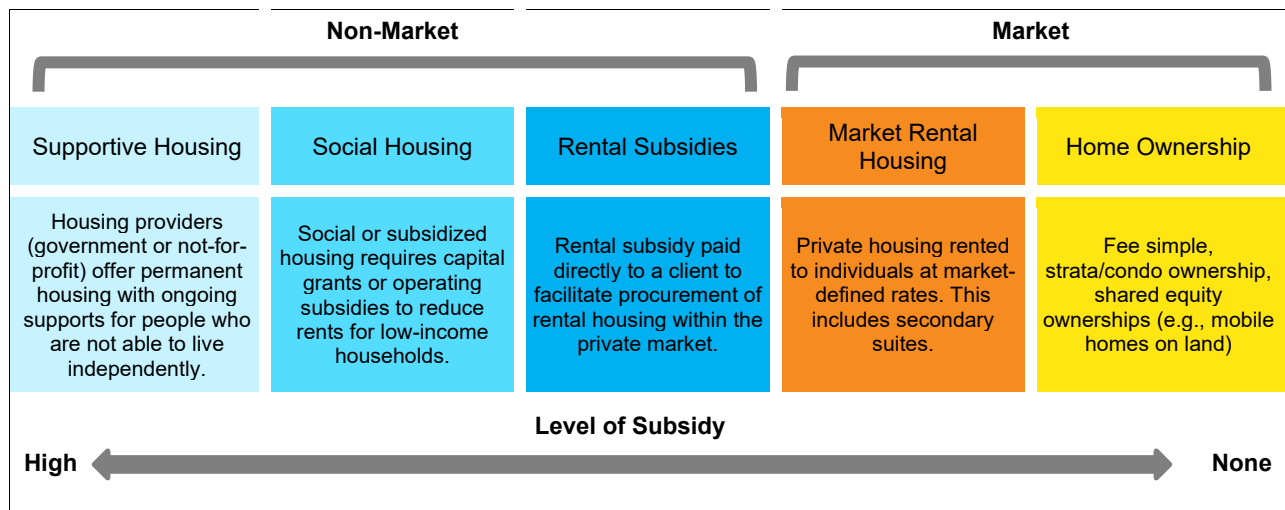
At the same time, the OP currently encourages a minimum of 30% of all new housing to be affordable in Urban Areas (6.2.2) and defines affordable housing as housing that:

“[Does] not exceed 30 percent of gross annual household income for low and moderate income households; or which the purchase price is at least 10 percent below the average purchase price of a resale unit in the regional market area and in the case of rental housing, a unit for which the rent does not exceed 30 percent of gross annual household income for low and moderate income households or for which the rent is at or below the average market rent of a unit in the regional market area, are outlined below.”

The current wording of this policy presents something of a challenge to interpretation and identification of a focused program of affordable housing as well as in assessing specific need given the variations in options.

As such, it is recommended that affordable housing targets for SE Courtice be assessed based on an assessment of a share of housing need across the housing continuum to provide a diversity of housing (both type and tenure) to support affordable options at all levels of income. The housing continuum is summarized below.

Figure B-3: The Housing Continuum



Taking this approach, requires a review of current housing options, prevailing costs and mapping those options across the income divisions within the community to assess which types of housing are available to meet the needs of which households and where any gaps may exist that may need to be filled through future policy or programs.

It should be noted that the assessment below looks at current household costs and current household incomes (by threshold). It is extremely difficult to forecast future incomes, the share of household within each income threshold, and the future cost of housing by type. As such, the approach taken here looks to see the current share of housing that needs to be within each threshold to provide a guideline or target for units within each threshold to meet overall affordability into the future. As the variables that go into assessing affordability are complex and variable, it is recommended that frequent updates be undertaken to assess and make changes over time.

Below is a summary of average housing costs in Clarington based on a variety of housing types (by unit size and form), as well as tenure (ownership vs. rental). These are mapped against the minimum household income required to support them assuming a maximum of 30% of gross income applied toward housing costs.

Table B-2: Average Housing Costs (Clarington, 2018-2019)

Type and Tenure	Vacancy Rate/ Median Purchase Price	Estimated Monthly Cost (Average rent or mortgage cost at 4%, 25-year and 10% down)	Income Required to Afford (Assuming 30% of Gross Household Income)
Rental Apartment – 1-Bedroom	1.0%	\$1,050	\$42,000
Rental Apartment – 2-Bedroom	1.2%	\$1,199	\$47,960
Rental Apartment – 3-Bedroom	- - -	\$1,409	\$56,360
Apartment – Condo	\$329,500	\$1,582	\$63,276
Duplex or Townhouse – Fee Simple/Condo	\$395,550	\$1,899	\$75,960
Detached Single-Family – Fee Simple	\$560,000	\$2,689	\$107,540

Here we can see that Clarington has relatively high market rental rates that require a minimum of \$42,000 per year in household income to afford a one bedroom or studio apartment. At the same time availability of rental units is quite constrained with only a 1-1.2% vacancy rate as of the end of 2018. While home ownership costs are more modest than other areas of the GTA relative to incomes (a fact that is showcased by the strong demand for housing), the premium between rental housing and ownership is significant in terms of income required for an average unit. Its important to note that this chart lays out the costs for market housing types. Based on the costs laid out above there are no or virtually no housing options that meet affordability criteria for those households making less than \$42,000. This suggests that either households are spending more than 30% to afford housing, or they are currently housed within a non-market projects within the community. **Figure B-4** is a map of existing affordable housing and seniors housing projects within Clarington. While Clarington has a significant stock of non-market housing supply, there relatively few projects within the SE Courtice other than one senior’s facility.

Given this, it is vital to also assess and quantify future demand for additional non-market options within the SE Courtice plan in order to meet the policy goals within the OP.

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Based on the affordability thresholds for different housing types within the continuum, affordability can be mapped across a range of income thresholds for households based on the current income distribution within Clarington. This range can then be projected forward to 2031, generating a forecast of the number of units likely to be required within each income threshold to accommodate net new households making that threshold (in 2016 dollars). These projections can then be mapped to various housing types to determine the share of those units necessary within the SE Courtice Plan to meet future need. **Table B-3** summarizes the projected need.

Figure B-4: Map of Affordable and Seniors Housing Projects in Clarington

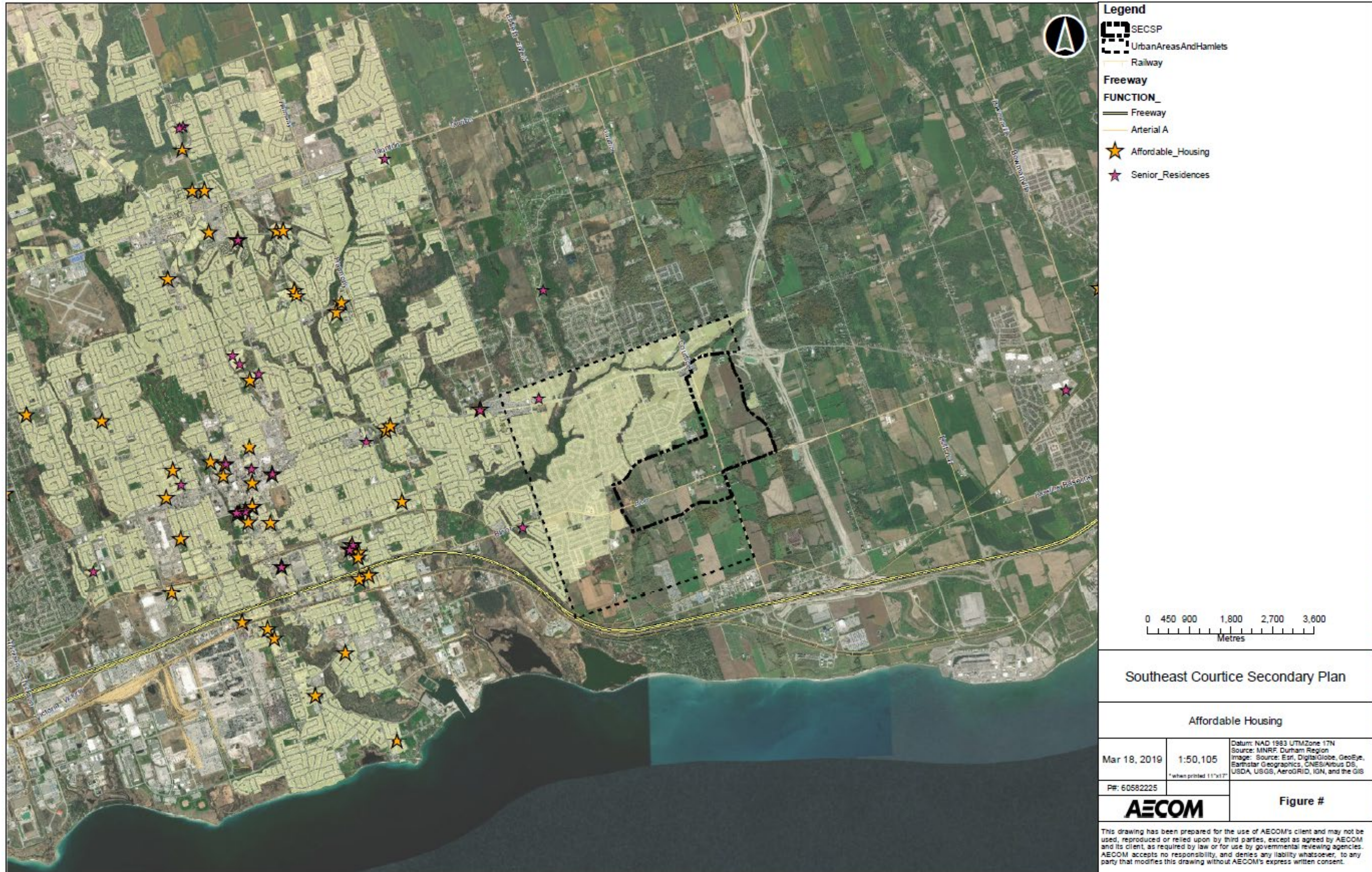


Table B-3: Projected Housing Type by Income – SE Courtice Plan Area (to 2031)

Income Level	Affordable Monthly Cost (30% of Gross Household Income)	Pct. of Households	Housing Continuum Level	Housing Need Breakdown for Courtice
Under \$20,000	<\$500	3.4%	Non-Market	<ul style="list-style-type: none"> ■ Approximately 283 Units for Courtice Plan Area ■ 13% of Total Unit Count ■ Suggest higher share of family units (2- and 3- beds) given higher cost
\$20,000 to \$24,999	\$625	2.0%		
\$25,000 to \$29,999	\$750	2.2%		
\$30,000 to \$34,999	\$875	2.7%		
\$35,000 to \$39,999	\$1,000	2.7%		
\$40,000 to \$44,999	\$1,125	3.1%	Rental	<ul style="list-style-type: none"> ■ Approximately 283 Units for Courtice Plan Area ■ 13% of Total Unit Count
\$45,000 to \$49,999	\$1,250	3.1%		
\$50,000 to \$59,999	\$1,500	6.8%		
\$60,000 to \$69,999	\$1,750	6.8%	Market	<ul style="list-style-type: none"> ■ 1612 Units Total ■ 74% of Total Unit Count ■ Emphasis on Unit Mix to Support Affordability within income levels
\$70,000 to \$79,999	\$2,000	6.7%		
\$80,000 to \$89,999	\$2,250	6.7%		
\$90,000 to \$99,999	\$2,500	6.5%		
Above \$100,000	>\$2,500	47.2%		

Overall, it is projected that approximately 13% of units to be built within SE Courtice will need to be subsidized non-market units in order to meet housing demand for households with incomes below \$40,000. At the same time, policies should be put in place to support at least 13% of total units developed in the form of purpose-built rental housing to allow for housing options for those making incomes between \$40,000 and \$60,000 for whom ownership options are largely out of reach.

It should be noted that these thresholds are not absolute and there is likely to be some overlap across these thresholds for different housing types. A key consideration in this area would be the provision of larger units for families at the lower income levels. For example, while a household making \$42,000 per year may be able to procure a 1-bedroom apartment, if that household has children, this housing type would not be appropriate and therefore the effective threshold would be higher given the higher cost of a two- or three-bedroom unit. As such, within policy development different thresholds or income cut-offs for families with children may need to be established to support deeper affordability in these units.

B.5 Opportunities and Constraints and KPIs

In conclusion, Clarington is expected to see strong demand for housing going forward which will create opportunities for new housing options within the Municipality. A large share of housing units needed to meet future population growth will be provided by the SE Courtice Plan area.

That said, previous housing unit forecasts indicated stronger demand for housing relative to population growth than current projections are indicating. Further the mix of housing being projected is expected to see higher demand for apartment units than previously forecast.

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Overall, 72% and 28% of future units are expected in ground-oriented, and apartment housing types respectively. These targets should be seen as a minimum as policy in the OP suggests a mix even more heavily weighted to apartment units.

In terms of affordability, an expansion to the thresholds identified in the OP is suggested which would aim to align all housing to be affordable to the range of expected future households. To meet this, approximately 13% of future units in SE Courtice will need to be non-market units affordable to those making less than \$40,000 per year (assuming a max of 30% of income to be spent on housing), while a further 13% need to be market rental units in order to meet the needs of those households making between \$40,000 and \$60,000 per year expected within the community by 2031.